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SUBJECT: SIERRA LEONE GARNERS PRAISE, REAPS \$800 MILLION,  
AND APPROACHES DEBT RELIEF AT LONDON CONSULTATIVE GROUP  
MEETING

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¶1. (U) Summary: The Consultative Group (CG) meeting on Sierra Leone on November 29-30 in London generated unexpected praise from the international community for the country's recovery after the end of the brutal decade-long civil war in early 2002. UK Secretary of State for International Development Hilary Benn set the tone by applauding Sierra Leone's "significant progress" in restoring and reforming government and stimulating economic growth, but also by highlighting the need to sustain anti-corruption initiatives. The IMF commented favorably on Sierra Leone's GDP growth rate at over 7% since 2002, and projected similar growth for the next 3 years. President Kabbah affirmed, "we take the fight against corruption very seriously." The donors responded with pledges of \$800 million for the 2005-07 period of the Poverty Reduction Strategy Paper (PRSP), according to the World Bank, which UN Deputy SRSR Victor Angelo characterized as a "significant vote of confidence" despite potential pitfalls. The leadership and Government of Sierra Leone (GoSL) are delighted with the outcome, which should lead to the completion point for Highly Indebted Poor Country (HIPC) debt relief by mid-2006, despite falling \$150 million short of the PRSP pledging goal. End Summary.

¶2. (U) The CG meeting to consider Sierra Leone's PRSP took place in London on November 29-30, 2005, after having been postponed from the originally scheduled June dates in Paris. The CG, co-hosted by the UNDP, World Bank, and the UK's Department for International Development (DfID), was co-chaired by Mats Karlsson of the World Bank and Sierra Leone's Vice President Solomon Berewa, while President Ahmad Tejan Kabbah spoke at the opening session. The CG attracted 30 donors, including the U.S., Algeria, China, Denmark, Egypt, Germany, Ireland, Italy, Japan, Norway, Sweden, Switzerland, United Kingdom, African Development Bank, European Commission, Food and Agriculture Organization, International Committee of the Red Cross, International Finance Corporation, International Fund for Agricultural Development, International Monetary Fund, Kuwait Fund for Arab Economic Development, Saudi Fund for Development, UNAIDS, UNDP, UNEP, UNHCR, UNICEF, World Food Program, World Health Organization, and World Bank. The United States was

represented by the Ambassador to Sierra Leone and the USAID Sierra Leone Country Program Coordinator. Sierra Leonean observers at the CG included members of parliament and civil society organizations advocating gender issues, Truth and Reconciliation Commission recommendations, and expatriate Sierra Leone-American concerns.

13. (U) The tone for the CG was set in welcoming remarks by the host, Britain's Secretary of State for International Development Hilary Benn, who noted that "The Government of Sierra Leone has traveled an impressive distance since 2002 but there is still a considerable way to go." Particularly significant, Benn said, has been "Sierra Leone's performance under the IMF supported economic reform program (which) has been impressive with targets being met over the course of six successful reviews." Sierra Leone, he said, is now "at a critical turning point and we cannot risk going backwards and letting the progress made to date unravel." While praising the GoSL for "good progress . in addressing corruption issues," Benn exhorted Sierra Leone to intensify its anti-corruption efforts. Benn also cited extreme poverty and youth unemployment as key determinants for Sierra Leone's future. "The poor need to see and feel the dividends from jobs and growth," he said, "otherwise we risk undermining peace and stability as people lose hope again and start to doubt the integrity of the poverty strategy."

14. (U) The UN delegation leader, Deputy SRSR Victor Angelo, likewise described Sierra Leone as "a beacon of hope in West Africa." IMF representative Delphin Rwegasira praised the GoSL for "significant progress" in its post-conflict transition, predicting a 6-7% annual GDP growth rate over the next three years. He observed that after Sierra Leone completes one year of PRSP implementation in the first half of 2006, the most important HIPC trigger point for debt relief will have been reached. He cautioned, however, that debt relief will be inadequate for the large resource gap

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(approximately \$950 million before pledges) needed for PRSP implementation, and called for intensified GoSL revenue collection. He noted that revenues are up, pointing out that the 2005 deficit will be less than in 2004.

15. (U) To underscore the importance of the CG to Sierra Leone, President Ahmad Tejan Kabbah delivered an opening address that surveyed the accomplishments since 2002, the considerable challenges ahead, and the plans for PRSP implementation. He stated that he personally regards corruption "as a serious national security threat" because "we can never realize our vision of developing a stable and prosperous country without curbing corruption." Among the accomplishments cited by Kabbah are the use of foreign judges and prosecutors to pursue corruption, a new investment code and other initiatives to attract foreign investment, decentralization through local councils to bring government closer to the grassroots, and progress towards food security. Kabbah, while expressing gratitude for past assistance, appealed to "international partners to support this nascent success story" and in particular "to encourage the emergence of a private sector" and "in creating an enabling environment for foreign investment."

16. (U) At the urging of the World Bank and the UN two new funding mechanisms were offered for PRSP support: a World Bank-managed PRSP Trust Fund, and Multi-Donor Budget Support. Neither attracted the anticipated support. Although Benn announced an immediate British contribution of 3 million UK pounds to initiate the Trust Fund, only one other donor made a contribution to this mechanism. Four donors (UK, European Commission, World Bank, African Development Bank) committed to Multi-Donor Budget Support, but this was simply an alternate mechanism for the direct budget support that they already provide.

17. (U) Amidst considerable praise for Sierra Leone's

progress, donors largely committed to continuing their existing assistance through their preferred modalities. Most democratic donors stated that they could not commit to new funding prior to appropriations from their legislatures. Speaking for the United States, the Ambassador said, "Due to the funding process, timing, and the budgetary cycle, the U.S. Government has no new money to pledge to the implementation of the PRSP, but our current ongoing program remains robust and responsive to the key needs identified by the people and the Government of Sierra Leone as described in the PRSP."

18. (U) Among the notable commitments, the African Development Bank announced the opening of its Freetown office in 2006. The UK stated that it is giving 100 million pounds annually to Sierra Leone, its highest per capita aid recipient in Africa. Britain reiterated an earlier pledge to give at least 40 million pounds annually through 2012 exclusive of security assistance. Japan announced resumption of its bilateral program, which began with the opening of a JICA office in Freetown in 2005, at \$16 million. Ireland, which also opened in Freetown in 2005, confirmed its annual program of 5 million euros. Neither Japan nor Ireland could confirm future commitments in advance of appropriations. Germany announced 22 million euros for PRSP support. The Kuwaiti Fund invited proposals for PRSP support. Sweden stated that its aid to Sierra Leone would continue through multi-lateral institutions such as UNDP. Denmark also would not have bilateral aid, but noted its contributions to regional medical assistance that benefit Sierra Leone and to the war crimes Special Court for Sierra Leone. Italy emphasized its debt cancellation to Sierra Leone and announced approximately 19 million euros for electric power production and medical assistance. The European Commission said that it was providing 345 million euros in its 2002-2007 budget cycle, which was approved well ahead of the PRSP but is supportive in many aspects. The UN said that its development budgets for Sierra Leone would be \$68 million in 2006 and an estimated \$40 million in 2007. Switzerland emphasized its contributions to the Special Court and existing assistance through multilateral channels such as UNDP, IDA, and WFP.

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19. (U) At the meeting's conclusion, CG Co-Chair Mats Karlsson, the World Bank Director for Sierra Leone resident in Accra, announced that at least \$800 million had been pledged by donors for the 2005-2007 period to support the PRSP without providing any details on how the figure had been calculated. Karlsson also announced that future Consultative Group Meetings on Sierra Leone would be held annually in Sierra Leone. In his final remarks, Karlsson stated, " we have made substantial progress here and demonstrated a real commitment to turning a fragile success into a robust one." In a similar vein, fellow CG Co-Chair Victor Angelo of the UN declared, "The many countries and multilateral organizations represented at this meeting have recognized the tremendous progress achieved by the Government and people of Sierra Leone in the short period since the end of the civil war and given a significant vote of confidence to the Government's Poverty Reduction Strategy."

110. (U) Sierra Leone's leaders were pleased by both the positive tone of the CG and the total reportedly pledged. In a communique, the GoSL noted that the \$800 million pledge could increase when donors finalize their aid budgets and that HIPC debt relief will produce another dividend toward closing the PRSP resource gap.

111. (SBU) Comment: The Consultative Group Meeting for Sierra Leone mainly served as a morale boost for the Government of Sierra Leone which is often criticized for mismanagement and political mendacity while trying to overcome the daunting challenges of extreme poverty, food

insecurity, high unemployment, corruption, inadequate human services, and idle youth. For a leadership that feels unfairly maligned, the praise and funding from the international community at the CG was a welcome atmospheric change for President Kabbah and Vice President Berewa. Significant new commitments did not materialize and the new funding mechanisms were initially a bust. Nevertheless, it was in the interest of the UK and World Bank for the CG to succeed after having conspired to postpone the meeting from June to November on the grounds that a delay would lead to more donors and donations, which does not appear to have been the case.

¶12. (SBU) Comment Continued: More assistance will be needed if the PRSP goals are to be accomplished. Meanwhile, the PRSP resource gap will require the GoSL to make some hard prioritization decisions. Nevertheless, having received universal praise and a World Bank endorsement for the PRSP, Sierra Leone's political leaders are basking in the glow of the Consultative Group Meeting. Eventually, as Sierra Leone's political season heats up ahead of 2007 elections, opposition parties are likely to question the math of the PRSP budget and donor commitments towards closing the gap. End Comment.

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